

§ 902.5

amount of a compromise with one debtor shall not be considered a precedent or binding in determining the amount that will be required from other debtors jointly and severally liable on the claim.

§ 902.5 Further review of compromise offers.

If an agency is uncertain whether to accept a firm, written, substantive compromise offer on a debt that is within the agency's delegated compromise authority, it may refer the offer to the Civil Division or other appropriate litigating division in the Department of Justice, using a CCLR accompanied by supporting data and particulars concerning the debt. The Department of Justice may act upon such an offer or return it to the agency with instructions or advice.

§ 902.6 Consideration of tax consequences to the Government.

In negotiating a compromise, agencies should consider the tax consequences to the Government. In particular, agencies should consider requiring a waiver of tax-loss-carry-forward and tax-loss-carry-back rights of the debtor. For information on discharge of indebtedness reporting requirements see § 903.5 of this chapter.

§ 902.7 Mutual releases of the debtor and the Government.

In all appropriate instances, a compromise that is accepted by an agency should be implemented by means of a mutual release, in which the debtor is released from further non-tax liability on the compromised debt in consideration of payment in full of the compromise amount and the Government and its officials, past and present, are released and discharged from any and all claims and causes of action arising from the same transaction that the debtor may have. In the event a mutual release is not executed when a debt is compromised, unless prohibited by law, the debtor is still deemed to have waived any and all claims and causes of action against the Government and its officials related to the transaction giving rise to the compromised debt.

31 CFR Ch. IX (7-1-04 Edition)

PART 903—STANDARDS FOR SUSPENDING OR TERMINATING COLLECTION ACTIVITY

Sec.

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903.4 Exception to termination.

903.5 Discharge of indebtedness; reporting requirements.

AUTHORITY: 31 U.S.C. 3711.

SOURCE: 65 FR 70403, Nov. 22, 2000, unless otherwise noted.

§ 903.1 Scope and application.

(a) The standards set forth in this part apply to the suspension or termination of collection activity pursuant to 31 U.S.C. 3711 on debts that do not exceed \$100,000, or such other amount as the Attorney General may direct, exclusive of interest, penalties, and administrative costs, after deducting the amount of partial payments or collections, if any. Prior to referring a debt to the Department of Justice for litigation, agencies may suspend or terminate collection under this part with respect to debts arising out of activities of, or referred or transferred for collection services to, that agency.

(b) If, after deducting the amount of any partial payments or collections, the principal amount of a debt exceeds \$100,000, or such other amount as the Attorney General may direct, exclusive of interest, penalties, and administrative costs, the authority to suspend or terminate rests solely with the Department of Justice. If the agency believes that suspension or termination of any debt in excess of \$100,000 may be appropriate, the agency shall refer the debt to the Civil Division or other appropriate litigating division in the Department of Justice, using the CCLR. The referral should specify the reasons for the agency's recommendation. If, prior to referral to the Department of Justice, an agency determines that a debt is plainly erroneous or clearly without legal merit, the agency may terminate collection activity regardless of the amount involved without obtaining Department of Justice concurrence.